

MARY ANN SMITH
Deputy Commissioner
DOUGLAS M. GOODING
Assistant Chief Counsel
ERIK R. BRUNKAL (State Bar No. 166086)
Senior Counsel
Department of Business Oversight
1515 K St, Suite 200
Sacramento, CA 95814
Telephone: (916) 322-8782
Facsimile: (916) 445-6985

Attorneys for the Complainant

**BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
OF THE STATE OF CALIFORNIA**

In the Matter of:)	CRMLA NO.: 4150027
)	
THE COMMISSIONER OF BUSINESS)	STATEMENT OF FACTS IN SUPPORT OF
OVERSIGHT,)	ORDER TO DISCONTINUE VIOLATIONS
)	PURSUANT TO CALIFORNIA FINANCIAL
Complainant,)	CODE SECTION 50321
)	
v.)	
)	
RMR Financial, LLC,)	
)	
Respondent.)	
)	

Complainant is informed and believes and based upon such information and belief, alleges and charges as follows:

1. RMR Financial, LLC, (“RMR”) is a residential mortgage lender licensed by the California Commissioner of Business Oversight (“Commissioner”) of the Department of Business Oversight (“Department”) pursuant to the California Residential Mortgage Lending Act (Cal. Fin. Code § 50000 et seq.) (“CRMLA”).¹

¹ All subsequent statutory references are to the Financial Code, unless otherwise noted.

2. In or about January, 2013, the Commissioner commenced a regulatory examination of RMR's books and records. The examination revealed that RMR improperly reconciled trust accounts. In addition, RMR failed to provide the Commissioner supporting trust documentation to determine compliance.

3. During the examination, the Commissioner discovered that the trust accounts were not properly reconciled resulting in trust overages. As of November 30, 2012, RMR's Wells Fargo Impound Trust Account showed an overage of \$13,170.36.

4. As of November 30, 2012, RMR's Wells Fargo Appraisal Trust Account showed an overage of \$965,464.55.

5. Following the examination, the Department's Report of Examiner instructed RMR to state the procedures implemented to comply with the trust accounting requirements and to provide the Commissioner with the latest trust account information.

6. RMR failed to provide complete trust account information in response to the Report of Examiner. In a follow-up letter dated October 20, 2014, the Commissioner requested RMR's latest bank statements, RMR's bank reconciliations, and RMR's detailed trust liability ledgers for the trust accounts.

7. RMR's response, dated October 30, 2014, failed to include adequate trust accounting information or proper reconciliations for the trust accounts as of July 31, 2014. From the information provided, however, the Commissioner determined that the Appraisal Trust Account showed a shortage of \$3,845. RMR did not provide enough information to determine whether the Impound Trust Account was properly reconciled.

8. On March 26, 2015, the Commissioner sent RMR another follow-up letter advising RMR that the trust accounts were still not in compliance and requested the latest trust accounting information.

9. RMR's April 13, 2015, response revealed that the company continues to conduct improper reconciliation of their trust accounts. As of March 31, 2015, RMR's Impound Trust Account showed a shortage of \$206.15. Their Appraisal Trust Account showed a shortage of \$2,825.00.

10. The findings of the 2013 regulatory examination demonstrate that RMR has continually failed to implement procedures to ensure that their trust accounts would be reconciled in compliance with provisions of the California Financial Code, specifically Financial Code section 50202 and the accompanying regulations found at California Code of Regulations, title 10, sections 1950.3141.1 and 1950.314.6.

11. By reason of the foregoing, RMR has violated section 50202 and California Code of Regulations, title 10, sections 1950.3141.1 and 1950.314.6.

12. Section 50321 provides in pertinent part:

If, after investigation, the commissioner has reasonable grounds to believe that any licensee has violated its articles of incorporation or any law or rule binding upon it, the commissioner shall, by written order addressed to the licensee, direct the discontinuance of the violation. The order shall be effective immediately, but shall not become final except in accordance with the provisions of Section 50323.

12. Section 50323 provides:

(a) No order issued pursuant to Section 50321 or 50322 may become final except after notice to the affected licensee of the commissioner's intention to make the order final and of the reasons for the finding. The commissioner shall also notify the licensee that upon receiving a request the matter will be set for hearing to commence within 15 business days after receipt. The licensee may consent to have the hearing commenced at a later date. If no hearing is requested within 30 days after the mailing or service of the required notice, and none is ordered by the commissioner, the order may become final without hearing and the licensee shall immediately discontinue the practices named in the order. If a hearing is requested or ordered, it shall be held in accordance with the provisions of the administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code), and the commissioner shall have all the powers granted under that act. If, upon the hearing, it appears to the commissioner that the licensee is conducting business in an unsafe and injurious manner or is violating its articles of incorporation or any law of this state, or any rule binding upon it, the commissioner shall make the order of discontinuance final and the licensee shall immediately discontinue the practices named in the order.

(b) The licensee has 10 days after an order is made final to commence to restrain enforcement of the order. If enforcement of the order is not enjoined within 10 days by the court in which the action is brought, the licensee shall comply with the order.

Dated: January 5, 2016
Sacramento, CA

JAN LYNN OWEN
Commissioner of Business Oversight

STATEMENT OF FACTS IN SUPPORT OF ORDER TO DISCONTINUE
VIOLATIONS PURSUANT TO CALIFORNIA FINANCIAL CODE SECTION 50321